

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 34TH Annual Report and the audited accounts for the year ended March 31, 2010.

At the outset, your Directors are elated to state that your Company has been granted the coveted status of **MAHARATNA** by the Govt. of India on 19th May 2010 granting higher level of financial and managerial autonomy.

Your Company is also the official power partner of Delhi 2010 Commonwealth Games.

FINANCIAL RESULTS

Rs. Million

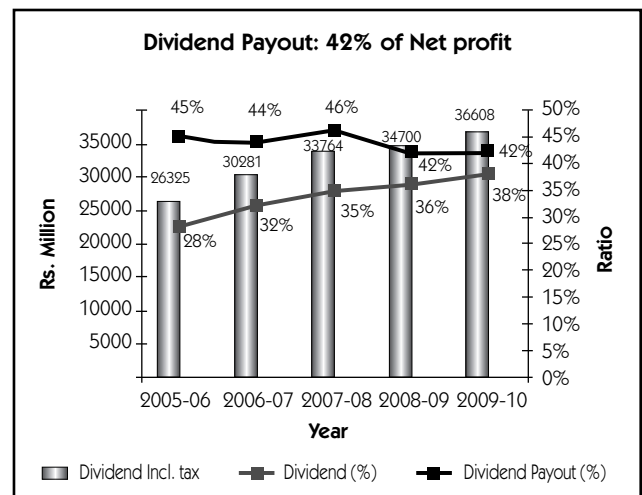
Income	2009-10	2008-09
Sale of Energy	461687	417913
Consultancy	1539	1325
Other income (Including energy internally consumed)	29113	33053
Total Income	492339	452291
Expenditure		
Fuel	294628	271107
Employees Remuneration & Benefits	24124	24631
Generation, Administration & other expenses	20940	18192
Interest	10709	12750
Finance charges	7380	7212
Depreciation	26501	23645
Total Expenditure	384282	357537
Profit before tax, provisions and prior period adjusts.	108057	94754
Tax	21573	11582
Profit after tax but before provisions and prior period adjustments	86484	83172
Less:		
Prior Period Adjustments (Net)	(779)	1083
Provisions (Net)	(19)	76
Net Profit after tax	87282	82013
Appropriations:	2009-10	2008-09
Transfer to Bonds Redemption Reserve	4978	4537
Interim Dividend	24736	23087
Proposed Dividend	6596	6596
Tax on Dividend	5276	5017
Transfer to General Reserve	47500	44000
Transfer to Capital Reserve	50	86

FINANCIAL PERFORMANCE

The total income of the company for the year increased by 8.85% to Rs. 492,339 million from Rs. 452,291 million during the previous year. The profit after tax but before provisions and prior period adjustments increased by 3.98% to Rs. 86,484 million from Rs. 83,172 million. Net profit after tax increased to Rs. 87,282 million from Rs. 82,013 million registering a growth of 6.42% over last year.

DIVIDEND

In addition to interim dividend of Rs. 3.00 per equity share of Rs. 10/- each paid in March 2010, your Directors have recommended a final dividend of Rs.0.80 per equity share of Rs. 10/- each for the year 2009-10. The total dividend for the year is Rs.3.80 per equity share of Rs. 10/- each as against Rs.3.60 per equity share of Rs. 10/- each paid last year. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounting to Rs. 31,332 million represents 35.89% of the profits after tax. The total dividend payout including tax accounts for 41.94% of profit after tax. The dividend has been recommended in accordance with your Company's policy of balancing dividend pay-out with the requirement of deployment of internal accruals for its growth plans. Your Directors believe that growth of the company through capacity addition, backward and forward integration and strategic diversification of its operations would lead to increase in shareholders' value.



FURTHER PUBLIC OFFER

The President of India acting through Ministry of Power, Government of India divested its stake by 5% in your Company through Further Public Offer of 412,273,220

equity shares and the shareholding of Government of India reduced from 89.5% to 84.5% w.e.f 18th February 2010. These shares were issued during February 2010 for cash at prices determined through the Alternate Book Building Method of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 under Fast Track route.

The proceeds of Further Public Offer amounting to Rs. 84,801 million were credited to Government of India Account. Post FPO, Government of India holds 6,967,361,180 equity shares of face value of Rs. 10/- each and public holds the balance 1,278,103,220 equity shares.

OPERATIONAL PERFORMANCE

During the year, the power stations of your Company generated 218.84 BU of electricity which was 28.60% of the total power generated in India. The power generated by the company has registered an increase of 5.75% over the previous year's generation of 206.939 BU. Your Company contributed 25.12% of the generation increase in the country during the year. The coal based stations of your company operated at a Plant Load Factor (PLF) of 90.81% (National PLF 77.48%) and Availability Factor of 91.76% at bar during the year. Your Company has an installed coal based capacity of 24,885 MW comprising 81 units with average fleet age of 18.8 years. During the year, 12 coal based stations out of 15 achieved more than 90% PLF including six stations registering PLF above 95%. This included Talcher Thermal Power Station having an average age of 37 years, achieving 90.87% PLF. National Capital Thermal Power Station, Dadri (Stage-I) achieved highest ever annual PLF of 100.59%. The total generation contributed by coal stations is 191.259 BU. The gas stations having a capacity of 3955 MW achieved best ever annual generation of 27.581 BU at a PLF of 78.38% as against 67.01% last year registering a growth of 16.96%. The average availability for gas based stations for the year was 93.14% as compared to 86.65% during previous year. The Operation Monitoring Centre has been given a new look and have various features of monitoring Real-time unit outages, Fuel Monitoring Mechanism and efficiency and environmental parameters monitoring etc.

A detailed discussion on the operations and performance for the year is given in the "Management Discussion and Analysis", Annexure-I included as a separate section to this report.

COMMERCIAL PERFORMANCE

During the year, your Company realized 100% payment of current bills raised for sale of power for seventh successive year. All the beneficiaries are paying within 30 days of billing

except the states of UP and J&K which are making payment within the permissible 60 days period. An innovative rebate scheme of providing incentive for early payment based on provisional bill has helped in achieving early realization of dues. The matter of securitization of outstanding dues of Government of NCT of Delhi for DESU period is under active consideration by the Ministry of Power.

All the beneficiaries have established and are maintaining Letters of Credit (LC). As on date, your Company has monthly LCs of Rs. 40659.70 million.

RBI, on behalf of State Governments, serviced redemptions due on bonds and half-yearly interest installments on bonds in time as per One Time Settlement Scheme.

Your Company had signed Power Purchase Agreements (PPAs) with 13 beneficiaries during the year pertaining to new projects for 8442 MW capacity.

The following units were declared commercial during the year adding 1490 MW to commercial capacity of your Company:

Project/ Unit	Capacity (MW)	COD*
Kahalgaon Unit #7	500	20.03.2010
NCTPP Unit # 5	490	31.01.2010
Bhilai Expansion Unit # 2**	250	21.10.2009
Bhilai Expansion Unit # 1**	250	22.04.2009
Total	1490	

*COD- Commercial Operation Date

**JV Company

Your Company has filed tariff petitions for the five-year period starting 1.4.2009 before CERC for all stations in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2009. Petitions have also been filed before CERC for revision of tariff for the period upto 31.3.2009 due to additional capital expenditure incurred at the Stations in that period as per the provisions of the CERC Tariff Regulations.

Customer Relationship Management (CRM) initiative has been taken by your company towards strengthening relationship with our customers. It draws inspiration from Company's core values (BCOMIT) that emphasize "Customer Focus". Under this, we provide Customer Support Services in selected areas, with the objective of overall growth of power sector. During the year, various workshops and seminars were held at customers' end and free of cost training to 149 customers' officers was provided based on the requirement expressed by them. We also organize Regional Customer Meets, State specific Business Partner

Meets and GENCOS Meets regularly for better interaction and sharing of experiences.

Your Company has developed a Customer Satisfaction Index (CSI) for gathering customers' feedback and responding to their requirements.

INSTALLED CAPACITY

During the year, your Company has added 1,560 MW capacity detailed as under:

Project/ Unit	Capacity (MW)
NTPC owned	
Kahalgaon Unit # 7	500
NCTPP Unit # 5	490
Under JVs	
RGPPPL Block # 1	640
Less: overall de-rating of RGPPPL	(-)180
MTPS-I Unit # 2	110
Net addition	1560

The total installed capacity of the NTPC Group has increased from 30,644 MW at the end of fiscal 2008-09 to 31,704 MW at the end of the year 2009-10 as detailed below:

Owned by NTPC	Capacity (MW)
Coal based projects	24885
Gas based projects	3955
Sub-total	28840
Joint Ventures & Subsidiaries	
NSPCL (Coal)-JV with SAIL	814
RGPPPL (Gas)-JV with GAIL, MSEB and Indian Financial Institutions	1940
MTPS – JV with BSEB	110
Sub-total	2864
Total	31704

During the current fiscal, your company has added another 490 MW to the capacity by commissioning Unit 6 of National Capital Thermal Power Project, Dadri. With this, the total installed capacity of NTPC Group has crossed 32,000 MW.

CORPORATE PLAN 2032

Your Company has prepared its Long Term Corporate Plan to set the goals and targets for the period upto 2032. Through this Corporate Plan, the Company has adopted the vision to be **'the world's largest and best power producer, powering India's growth.'**

Your company has set a target to have an installed power generating capacity of 1,28,000 MW by the year 2032. The

capacity will have a diversified fuel mix comprising 56% coal, 16% gas, 11% nuclear and 17% Renewable Energy Sources (RES) including hydro. Therefore, by 2032, non-fossil fuel based generation capacity shall make up nearly 28% of NTPC's portfolio.

Further beyond 12th Plan, your Company plans to build only high efficiency super-critical and ultra super-critical coal based power plants. The plan also outlines the next generation R&D model to drive innovation and develop/adopt future technologies.

Your Company shall continue to strongly pursue the power trading business and would maintain its scale in consultancy business.

The plan also provides strategies/ mix of options for ensuring fuel security. These options include long-term contracts from domestic and international markets, purchase from spot markets, minority/ majority stake in mining companies and involvement in associated infrastructure.

CAPACITY ADDITION PROGRAM

Your company has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions. In addition to furthering capacity addition through Coal / Gas based thermal power projects, your company has been pursuing enhancement of its power generation portfolio through Hydro, Renewable Energy and Nuclear energy projects. At present 1,920 MW Hydro capacity is under implementation together with 552 MW under bidding. In its endeavor for Renewable Energy, your Company plans to add 1000 MW from RES by 2017.

Projects planned

During the year, investment approval has been accorded by the Board of NTPC and the respective Boards of Joint Ventures/ Subsidiaries for projects having a total capacity of 890 MW consisting of 500 MW Vallur Thermal Power Project Phase-II and 390 MW Muzaffarpur Thermal Power Project Expansion, involving an investment of about Rs.62420 Million. Various projects having aggregate capacity of 17,830 MW including 4,390 MW, being undertaken by Joint Venture companies, are under construction, as detailed below:

Name of the Project	Capacity (MW)
I. Project under NTPC Ltd	
A. Coal Based Projects	
1. Sipat-I	1980
2. Barh-I	1980
3. Korba-III	500

Name of the Project	Capacity (MW)
I. Project under NTPC Ltd	
A. Coal Based Projects	
4. NCTPP-II, Unit -6, Dadri	490*
5. Farakka-III	500
6. Simhadri-II	1000
7. Bongaigaon-I	750
8. Mauda-I	1000
9. Barh-II	1320
10. Rihand-III	1000
11. Vindhya-Chal-IV	1000
Sub Total (A)	11520
B. Hydro Electric Power Projects (HEPP)	
12. Koldam	800
13. Loharinag Pala	600
14. Tapovan Vishnugad	520
Sub Total(B)	1920
Total I (A)+(B)	13440
II Projects under JVs	
Coal Based Projects	
15. IGSTPP Jhajjar JV with HPGCL & IPGCL	1500
16. Vallur – JV with TNEB	1500
17. Nabinagar- JV with Railways	1000
18. Muzaffarpur Expansion (MTPS)– JV with BSEB	390
Total II	4390
Total On-Going Projects (I)+(II)	17830

*commissioned w.e.f. 30th July, 2010

Further, at present 7,092 MW capacity (3,501 MW NTPC owned and 3,591 MW through its JVs and Subsidiaries) is under bidding. In addition Feasibility Reports (FRs) have been approved for projects having an aggregate capacity of 8,460 MW.

Your Company is also identifying new sites for setting up power projects during 12th Plan and beyond. These projects would be added to the plans after project viability is established.

As a measure for further capacity addition, your Company is in discussions with Govt. of Jharkhand and Jharkhand State Electricity Board (JSEB) for taking over Patratu TPS (770MW). A Memorandum of Understanding (MOU) was signed on July 12, 2009 amongst your Company and Govt. of Chattisgarh to set up 4,000 MW regional power project

at Lara, Chattisgarh. Another MOU was signed amongst your Company, Govt. of Madhya Pradesh and MP Tradeco Ltd. to set up 2,640 MW regional power project at Narsinghpur district, Madhya Pradesh. Also, Feasibility Report is under preparation for setting up 3,960 MW power project at Barethi, Bundelkhand region of Madhya Pradesh. Govt. of Madhya Pradesh has already committed land and water availability for this project.

Project Management – A New Approach

Your Company has established a state of the art Project Monitoring Centre at Delhi. PMC provides milestone based project monitoring, project-wise, vendor-wise, critical issues reporting, enterprise-wide issue monitoring and site progress monitoring through remote cameras. As a matter of fact this has become the Nerve Centre of total project management of NTPC.

Capacity addition through Subsidiaries and Joint Ventures (JVs)

Besides adding capacities on its own, your Company plans to add capacities through some of its subsidiaries and joint ventures. The detail of JV Companies/Subsidiaries along with details of Joint Venture partners for addition of coal based capacity is as under:

Name of Company	JV Partner	Details
NSPCL (NTPC-SAIL Power Co. Pvt. Ltd.)	Steel Authority of India Limited (SAIL)	A 50:50 JVC formed to own and operate captive power plants at Durgapur (120 MW), Rourkela (120 MW) and Bhilai Steel Plant (74 MW). The JV Company has also added 2 units of 250 MW each.
NTECL (NTPC Tamil Nadu Energy Co. Ltd.)	Tamil Nadu Electricity Board (TNEB)	A 50:50 JVC is implementing 3x500MW coal based power project at Ennore, Tamilnadu.
APCPL (Aravali Power Company Pvt. Ltd.)	Indraprastha Power Generation Co Ltd. (IPGCL) and Haryana Power Generation Co Ltd. (HPGCL).	This JVC is setting up a coal based Indira Gandhi Super Thermal Power Project consisting of 3 units of 500MW each. NTPC Ltd., IPGCL and HPGCL have contributed equity in the ratio of 50:25:25.

Name of Company	JV Partner	Details
BRBCL (Bhartiya Rail Bijlee Company Ltd.)	Ministry of Railways	A subsidiary of NTPC, formed as a JVC with Ministry of Railways with equity contribution in the ratio of 74:26 respectively for setting up power project of 1000 MW (4X250MW) capacity at Nabinagar, Bihar State.
MUNPL (Meja Urja Nigam Private Ltd.)	Uttar Pradesh Rajya Vidut Utpadan Nigam Limited (UPRVUNL)	A 50:50 JVC formed for setting up 1320 (2X660MW) coal based power project in the state Uttar Pradesh. Feasibility Report for the project has been approved by the JV Board. Bids have been invited for main plant packages under bulk tendering route.
KBUNL (Kanti Bijlee Utpadan Nigam Ltd.)	Bihar State Electricity Board (BSEB)	A subsidiary of NTPC formed as a JVC with BSEB, took over MTPS having 2 units of 110 MW each from BSEB. The equity of NTPC in this subsidiary is 64.57 %. Unit#2 is operational since January 2008. Renovation and Modernization of Unit #1 is under progress. The JVC has taken up expansion of the station by adding 2 units of 195 MW each.
NPGCL (Nabinagar Power Generating Company Private Ltd.)	Bihar State Electricity Board	A 50:50 JVC for setting up and operation of a 3x660 MW Coal based plant at Nabinagar. Bids for Main plant packages have been invited under bulk tendering route.
RGPPPL (Ratnagiri Gas and Power Pvt. Ltd.)	GAIL, ICICI, SBI, IDBI, Canara Bank and MSEB Holding Co.	Ratnagiri Gas and Power Pvt Ltd is a JVC between NTPC, GAIL, MSEB holding Co. and Indian Fls. NTPC is having a stake of 29.65%. The JVC has successfully revived all 6 GTs and 3 STs at Dabhol Power Project. LNG Terminal is also mechanically complete.

JVC denotes Joint Venture Company

Diversified Fuel Mix

Although coal will remain the mainstay for adding generation capacity owing to its abundant reserves in the country, your Company is progressively diversifying its fuel mix to increase the share of non- fossil fuel with a view to promote sustainable energy development and further reduce CO₂ intensity of power generation.

Nuclear Power Development

To extract the benefits of alternate source of energy in order to deal with the problems of global warming and rising fuel security concerns, your Company has entered into a joint venture agreement with Nuclear Power Corporation of India (NPCIL) for formation of a Company to set up a nuclear power project with two nuclear reactor units. A blueprint for nuclear power development is in place. Experienced engineers/ professionals and fresh executive trainees have been deputed for training at NPCIL to acquire expertise in nuclear power generation.

Hydro Power

At present, hydroelectric projects of 1920 MW consisting of Koldam (4x200 MW), Tapovan Vishnugad (4x130 MW) and Loharinag Pala (4 x150MW) are under advanced stage of construction.

Your Company is also setting up small and medium sized hydro projects through its wholly owned subsidiary NTPC Hydro Limited (NHL). Two such projects under development are:

Project	Location	Capacity
Lata Tapovan	Uttarakhand	171 MW
Rammam-III	West Bengal	120 MW

The techno economic clearance of CEA and environmental clearance of MoEF have been obtained for both these projects. The land for both of these projects has been acquired. PPA has been signed with off-takers for Lata Tapovan HEPP. Infrastructure development activities are under progress at these projects. Both the projects are scheduled to be commissioned during 12th plan.

Further, in pursuance of MOA signed with Govt. of Mizoram, Detailed Project Report of Kolodyne HEPP (4X115MW) has been submitted to CEA for according Techno-Economic Clearance (TEC).

Your Company has signed an MOU with Gujarat Power Corporation Limited for developing 500 MW Renewable Energy projects in Gujarat.

STRATEGIC DIVERSIFICATION - INCREASING SELF-RELIANCE

Your Company is continuously looking for opportunities in the related business areas such as coal mining, LNG value

chain, manufacturing activities, power trading, distribution, R&M and support to power sector development in its endeavour to leverage its strength and secure its interest in the entire power value chain, provide impetus to its core generation business and enhance shareholders' value.

The details of joint venture companies taking up activities in other sectors such as R&M and support to power sector is as under:

Name of Company	JV Partner	Activities undertaken
UPL (Utility Powertech Limited)	Reliance Infrastructure Limited	Takes up assignments of construction, erection and supervision of power sector and other sectors.
NASL (NTPC ALSTOM Power Services Private Ltd.)	ALSTOM Power Generation AG	Takes up renovation and modernization assignments of power plants both in India and in SAARC countries.
EESL (Energy Efficiency Services Limited)	PFC, PGCIL and REC	The Company was formed on December 10, 2009 for implementation of Energy Efficiency projects.
NHPTL (National High Power Test Laboratory Pvt. Ltd.)	NHPC, PGCIL and DVC	The Company was incorporated on 22.05.2009 for setting up facility for short circuit testing of transformers and other electrical equipment.
NPEX (National Power Exchange Limited)	NHPC, PFC and TCS	The Company was incorporated to facilitate trading of electrical power including ancillary services. CERC approval for setting up the exchange has been obtained.

In order to strengthen its competitive advantage in power generation business, the Company has diversified into the area of manufacturing.

NTPC-BHEL Power Projects Pvt. Limited (NBPPL), a joint venture of your Company with BHEL, incorporated

on April 28, 2008 for taking up activities of Engineering, procurement and construction of power plants and manufacturing of equipments, has acquired 750 acres of land in Andhra Pradesh. The Company has bagged two contracts from BHEL on nomination basis. Your Company is also expected to give EPC contract for Singrauli (1X500MW) to this Company.

Another joint venture Company, **BF-NTPC Energy Systems Limited** was incorporated with Bharat Forge Limited on June 19, 2008 to manufacture castings, forgings, fittings and high pressure piping required for power projects and other industries. Land acquisition for establishing manufacturing plant at Sholapur, Maharashtra is in progress. A business plan has been prepared by the consultant and a detailed study is being initiated for manufacturing of some of the shortlisted products.

Your Company has acquired 44.6% stake in **Transformers and Electricals Kerala Limited** from Government of Kerala on June 19, 2009. The Company deals in manufacturing and repair of Power Transformers. The Board of Directors of this Company has been re-constituted. The Company plans to augment the existing capacity to 6000MVA.

Apart from the above initiatives, a subsidiary of your Company namely NTPC Electric Supply Company Limited, has commenced business of distribution of power through its JVC namely **KINESCO Power and Utilities Private Limited**, formed with KINFRA.

Please refer to "Management Discussion and Analysis", Annexure-I included as a separate section to this report for further details.

GLOBALISATION INITIATIVES

Your Company is continuously scanning business potential that global opportunities offer. A representative office is functioning in Dubai since November 2006 for marketing of its services in Middle East Region.

After identification of site for setting up a 2x250 MW coal based power plant in Trincomalee region, Sri Lanka in Joint Venture with Ceylon Electricity Board, your Company is in the process of finalizing the Implementation Agreement. NTPC Consultancy Wing has received order for site specific studies and preparation of Feasibility Report for JV to be formed with Ceylon Electricity Board.

Your Company has signed an agreement with Department of Energy, Ministry of Economic Affairs, Royal Govt. of Bhutan, on December 22, 2009, for preparation of DPR for 620 MW Amochhu Reservoir Hydro-electric Project in Bhutan. Your Company has opened its site office in Phuentsholing, Bhutan.

In terms of umbrella MOU for cooperation in power sector between the Govt. of India and Govt. of Bangladesh in January 2010, it was agreed that your Company will provide consultancy services to Bangladesh Power Utility (BPDP) in different areas of O&M services, setting up power projects etc. The wholly owned subsidiary of your Company namely NVVN has been identified as nodal agency for cross border power trading with Bangladesh.

Your Company is also exploring the possibility of jointly pursuing O&M assignments with Korea Plant Services and Engineering Co. Ltd (KPS) in countries other than India and Korea.

FINANCING OF NEW PROJECTS

The capacity addition programs shall be financed with a debt to equity ratio of 70:30. Your directors believe that internal accruals of the Company would be sufficient to finance the equity component for the new projects. Given its low gearing and strong credit ratings, your Company is well positioned to raise the required borrowings.

Your Company is exploring domestic as well as international borrowing options including overseas development assistance provided by bilateral agencies to mobilize the debt required for the planned capacity expansion program.

During the year 2009-10, your Company has tied up loans of Rs. 168,190 million including a large ticket loan of Rs. 85,000 million with State Bank of India and Rs. 27,500 million with Canara Bank for part funding of debt requirement in respect of capex for next three years. In addition, loans amounting to Rs. 55,690 million have also been tied with other banks to fulfill the debt requirement for next three years.

Bonds amounting to Rs.15,000 million were raised from domestic market for financing the capital expenditure and refinancing of the loans.

Fixed Deposits

The cumulative deposits received by your Company from 277 depositors as at March 31, 2010 stood at Rs 13.39 million. Further, an amount of Rs. 4 million has not been claimed on maturity by 33 depositors as on that date.

FUEL SECURITY

Coal Supplies

Your Company has signed Long Term Model Coal Supply Agreement (CSA) with Coal India Limited (CIL) on May 29, 2009 for supply of coal to its stations for 20 years. Based on the revised model CSA, coal agreements have been signed with the various subsidiary coal companies of CIL by coal based stations except Farakka and Kahalgaon. Additional

7.35MMT of coal has been tied up with CIL and Singareni Collieries Co. Ltd. for Farakka, Kahalgaon and other projects. This includes 0.55 MMT of coal procured through e-auction.

During the year 2009-10, your Company received 136.2 Million Tonnes of coal consisting of domestic coal of 129.9 Million Tonnes (about 4.5% higher than the coal received in previous year) and imported coal to the tune of 6.3 Million Tonnes, at the stations.

During 2009-10, your Company entered into agreement with MMTC for supply of about 12.5 MMT of imported coal which is highest ever in NTPC till date. Further, in order to bridge the short fall in coal supply, Central Electricity Authority advised the power utilities to set target for import of coal during 2010-11. Your company has been advised by CEA to place the orders for import of coal aggregating to 13.90 MTs during 2010-11.

Gas supplies

During the year 2009-10, your Company received 13.88 MMSCMD of gas/RLNG as against 10.75 MMSCMD received during 2008-09 registering an increase of 29.12%. The gas off-take in 2009-10 includes 9.08 MMSCMD APM/ PMT gas, 4.45 MMSCMD RLNG and 0.35 MMSCMD of KG D6 basin gas.

Your Company renewed APM gas agreements up to the year 2021 and PMT gas agreements up to the year 2019 for its gas stations. Your Company has also signed long term contract for supply of RLNG of 2.0 MMSCMD on firm basis and 0.5 MMSCMD on fallback basis with GAIL for a period of 10 years for NCR gas stations viz. Anta, Auraiya, Dadri and Faridabad. Further, Government of India allocated additional gas of 4.46 MMSCMD from KG-D6 Basin. Out of this quantity, 1.81 MMSCMD has already been tied up and the balance would be tied up during the year 2010-11.

Your company has arranged for tying up of spot RLNG on reasonable endeavour basis based on requirement. Also, your Company has fallback RLNG supply agreements at pooled price with GAIL, IOCL, BPCL and GSPCL.

Development of Coal Mining projects

Coal Mining being integral to your company's fuel strategies, is being developed in 'Project Mode'.

All notifications for mining area land acquisition have been completed for Pakri Barwadhih, Chatti-Bariatu, Kerendari and Talaiipalli Coal Blocks. Rehabilitation action plan(s) were approved by Board for Pakri Barwadhih, Chatti-Bariatu and Kerendari coal blocks and disbursement of land compensation commenced. With approval of Mining Plan for Dulanga (7MTPA) and Talipalli (18MTPA) by Ministry of

Coal this year, Mining Plan approval for total 53 MTPA was received. Environmental clearance was accorded for Pakri Barwadih, Chatti Bariatu and Kerandari Coal Blocks.

Stage-I Forest Clearance for Pakri Barwadih coal block was accorded by MOEF. Your company has tied up with NESCL for permanent power arrangements for coal mining projects.

With completion of detailed exploration in two coal blocks i.e. Talipalli which was un-explored and Dulanga which was partly explored, Geological Reports are available for all coal blocks.

Your Company has taken a number of CSR measures for the benefit of the people around its coal mining sites. Under community development activities, it is planned to set up an ITI at Barkagaon, Distt. Hazaribagh, Jharkhand and also to adopt and upgrade another ITI at Pussore, Distt. Raigarh, Chhatisgarh besides undertaking other community development activities.

Other initiatives for securing coal supply

To leverage the strength of established players in mining and related areas, your Company has formed following Joint Venture Companies:

Name of Company	JV Partners	Purpose
CIL NTPC Urja Private Limited (incorporated on 27.04.2010)	Coal India Limited	For undertaking the Development, O&M of Brahmini and Chichro Patsimal coal blocks and Integrated Power Project(s).
NTPC SCCL Global Ventures Pvt. Ltd., (incorporated on 31.07.2007)	Singareni Collieries Company Ltd.	For undertaking development and O&M of coal Blocks in India and abroad.
International Coal Ventures Pvt. Ltd., (incorporated on 20.05.2009.	SAIL, CIL, RINL and NMDC	For exploring various opportunities in Australia, Mozambique, Canada, Indonesia and USA, etc for acquisition of stake in coking coal and thermal coal mines.

Your Company is also exploring opportunities for acquiring stake in coal mines in Indonesia, Australia and Mozambique.

Exploration Activities

Under NELP VIII, your Company has been allotted one

block at Cambay basin as a sole operator and three blocks out of which two blocks are in KG basin and another in Andaman, as a member of the consortium led by ONGC with 10% participating interest in each block.

BUSINESS EXCELLENCE: GLOBAL BENCHMARKING

As a step towards developing 'Total Quality' culture in the organization, your Company took forward the Quality Circle and Professional Circle movements for its employees. These fora provide opportunities to the employees to get together, network and share knowledge and experience on issues of professional interest. There are 800 QC teams and 300 PC teams across the Company creating refreshing learning culture.

With the objective of benchmarking the performance of its units with international units, your Company became a member of North American Electric Reliability Corporation (NERC). NERC has database of more than 5000 units worldwide under Generating Availability Data System (GADS). Your Company's coal units of 200 MW and 500 MW capacity were benchmarked with equivalent sized units amongst their peer group. The comparison revealed that 200 MW as well as 500 MW units of your Company performed better than the peer group units during the year on parameters of availability, forced outage, planned outage and capacity outage.

RENOVATION & MODERNISATION

Your Company undertakes Renovation & Modernization (R&M) under project mode with focus on feasible and cost effective technology upgrade, efficiency improvements to bring the latest design to old vintage units. It gives an opportunity to leverage the technological advancement which has taken place in the power industry so as to continue economical power generation. It may also help to reduce emission of green house gases and avail Clean Development Mechanism benefits apart from life extension of the plant.

Apart from the above, your Company is providing Consultancy Services for Renovation & Modernisation of old units of State Electricity Boards through a department "APDP-R&M". During the year 2009-10, your Company provided Consultancy Services for R&M to Barauni TPS (2x110MW) & Muzaffarpur TPS (2x110MW) of Bihar State Electricity Board, Obra TPS (5x200MW) & Harduaganj TPS (1x110MW) of Uttar Pradesh Rajya Vidyut Utapadan Nigam Limited and Ropar TPS (2x210MW) of Punjab State Electricity Board.

VIGILANCE

Implementation of Integrity Pact

Your Company is striving to bring more transparency to

its business processes and as a step in this direction has signed a Memorandum of Understanding with Transparency International India in December, 2008. The Integrity Pact is being implemented for all contracts having value exceeding Rs. 100 million. Two Independent External Monitors have been nominated by the Commission for all contracts values exceeding Rs. 1000 million.

Implementation of Fraud Prevention Policy

The Fraud Prevention Policy has been formulated and implemented in your Company since 2006. The cases referred by the nodal officers are being investigated immediately to avoid fraudulent behaviors.

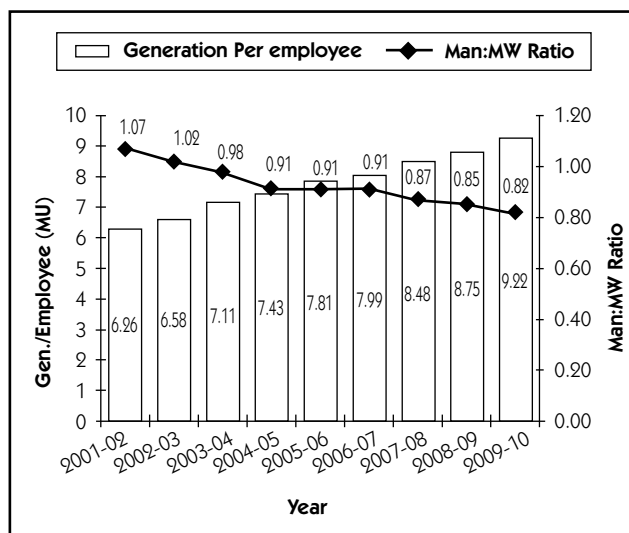
Workshops and Vigilance Awareness Week

Preventive Vigilance Workshops are being conducted every year to sensitize employees about sensitive points in work areas and their role in preventing corruption.

Vigilance Awareness Week is being organized every year in first week of November to emphasize on leveraging of IT, create awareness for transparency accountability, fair play and objectivity.

HUMAN RESOURCE MANAGEMENT

Your Company takes pride in its highly motivated and competent human resource that has contributed its best to bring the Company to its present heights. The productivity of employees is reflected in the consistent improvement of Man-MW ratio over the years. The over-all Man-MW ratio for the year 2009-10 excluding JV/subsidiary capacity is 0.82 and 0.80 including capacity of JV/ Subsidiary. Generation per employee has increased to 9.22 MUs registering an increase of 5.37% over the last year.



The total employee strength of the company stood at

24,955 as on 31.3.2010 against 24,713 as on 31.3.2009.

	Fiscal 2010	Fiscal 2009
NTPC		
Number of employees	23,743	23,639
Subsidiaries & Joint Ventures		
Employees of NTPC in Subsidiaries & Joint Ventures	1,212	1,074
Total employees	24,955	24,713

The attrition rate of the executives during the year has reduced to 1.00% from 1.88% in the previous year.

Employee Relations

During the year, employee relations scenario in your Company continued to be conducive marked by industrial harmony and mutual trust. Regular interactions take place amongst the management and apex forums of workmen called National Bipartite Committee and with executives' forum named NTPC Executive Federation of India. Employees' participation in Management has been boosting morale of the employees.

The process of pay revision of wage and benefit structure for employees in Executive category and for employees in unionized category (workmen) was completed on 16.09.2009 and 07.07.2010 respectively.

Safety

Your Company has always given prime importance to occupational health and safety to all the persons working in its projects and stations by making all efforts to prevent all types of accidents. To comply with the safety requirements, qualified Safety Officers have been appointed in all the units. The line executives take full responsibility of safety management and take preventive measures.

To spread the awareness of safety measures, safety months are organized involving each worker, wherein activities like safety related competitions including safety elocution, paintings and quizzes are conducted.

Training and Development

In line with its long-term objective of being a learning organization, your Company has a policy of continuously investing in training and development of not only its own employees but also of all professionals of the power sector. The Company imparts training at its sites as well as at the corporate level in diverse areas including general management, power station operation and maintenance, project construction, erection and commissioning and information technology. Training imparted is always in tune with new emerging needs in diverse areas like

nuclear power, coal-mining, hydro-power, super-critical technology, power trading etc.

In pursuit of developing manpower in power sector, your Company established a dedicated training institute – Power Management Institute (PMI) at NOIDA, U.P. in 1994. Since then PMI has grown into an impressive centre of learning. In the year 2009-10, PMI conducted a total of 330 programmes attended by a total of 9049 participants. Your Company also has largest number of Project Management Certified Professionals in India.

To widen its portfolio, PMI launched an on-going scheme of strengthening the Industrial Training Institutes (ITIs) across the country by investing in its infrastructure upgradation, starting of new trades' teaching and commencing new classrooms where none existed earlier.

An international conference on O&M of power stations was held during December 13-15, 2009 wherein several technical papers were presented for experiential learning by professionals from power sector companies of India as well from foreign countries.

INCLUSIVE GROWTH

Your Company is committed to inclusive growth through its Corporate Social Responsibility initiatives under an integrated stakeholder approach covering environmental and social aspects.

With a view to provide basic civic amenities in socio-economically backward areas, your Company is working in the areas of basic infrastructure development like sanitation, road, drinking water, primary education, community health, vocational training etc. Your Company has expressed its commitment to provide financial support for setting up Technical Polytechnic at Kaladungi, Nainital Distt, and women's polytechnic at Gopeshwar, Distt. Chamoli, Uttarakhand. Construction of a school cum multi-purpose building for girls in Village Shaulana, Distt. Ghaziabad, Uttar Pradesh was completed in July 2009 with your Company's support. Vocational training programs such as computer training, vehicle and mobile repairing for youths and coaching classes for children in villages was provided at various locations.

In order to help women to become more self reliant, assistance was provided to 500 tribal girls/ women in 15 tribal villages in Udaipur Dist. of Rajasthan. A girls' hostel was constructed in Guntur Distt of AP. Financial support was provided for organizing educational and developmental workshop for Kashmiri migrants.

As a measure to contribute towards conservation of selected national monuments, your Company in association with Archaeological Survey of India (ASI) has identified 3 sites for financial support.

Your Company was actively involved in preparation of "ISO 26000 Guidance on Social Responsibility" and participated in various workshops/ meetings in the capacity of industry experts on CSR. It was also closely associated with Bureau of Indian Standards in formation of "Standard on Good Governance" and with the Ministry of Corporate Affairs in preparation of Guidelines on Corporate Social Responsibility.

Committed to its social responsibility, your Company became a member of Global Compact, a voluntary initiative of the UN for CSR. Your Company confirms its involvement in various CSR activities in line with 10 Global Compact principles and shares its experience with the representatives of the world through "Communication on Progress". A report on progress made in this area is enclosed at Annex-IX to Directors' Report.

NTPC Foundation

NTPC Foundation, registered in December 2004, is engaged in serving and empowering the physically challenged and economically weaker sections of the society. The Information and Communication Technology (ICT) Centre, set up jointly by NTPC Foundation and University of Delhi, and similar ICT facilities to the existing blind schools in Lucknow, Ajmer, Thiruvananthapuram and Mysore are helping a large number of physically challenged students to learn IT Skills and move along with the mainstream society. More than 800 physically challenged students have got benefited in these centres till now.

Disability Rehabilitation Centre established at Tanda (U.P.) in collaboration with National Institute of Orthopedically Handicap (NIOH), Ministry of Social Empowerment, Govt of India is providing rehabilitation/ restorative surgery to physically challenged persons like medical interventions and surgical corrections, fitting of artificial aids and appliances and therapeutic services etc. Till now, more than 26000 physically challenged persons have got benefited from the centre and close to 1800 such persons have been provided with various artificial aids and appliances.

In the area of health, Direct Observation Treatment cum Designated Microscopy Centre (DOT cum DMC) with Mobile Vans, diagnostic equipments and paramedical services have been started at 10 NTPC stations for diagnosis and treatment of the Tuberculosis patients in the neighbourhood villages of the stations. Till date more than 5700 patients have been examined by these centres and treatment has been provided as per requirement.

NTPC Foundation is also providing grants for setting up of Distributed Generation Projects for preparation of feasibility report, DPR, Insurance and for meeting funding gap.

Rehabilitation & Resettlement

Your Company is committed to help the people displaced for execution of its projects and has been making efforts to improve the Socio-economic status of Project Affected Persons (PAPs) and also undertaking community development activities in and around the projects. Rehabilitation Action Plans are implemented in most of the projects.

“Initial Community Development” (ICD) policy has been further widened to cover hydro/ mining and other projects to facilitate taking up community development activities in new greenfield/ expansion projects soon after land and water clearances are received from State Governments.

Your Company has approved setting up of a new Greenfield Industrial Training Institute at Bongaigaon.

IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company has made vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Government of India. Several Hindi workshops and competitions were conducted at projects, regional offices and corporate centre during the year to encourage the employees to maximize the use of Hindi in official work. All office orders, formats and circulars were issued in Hindi as well. Important advertisements and house journals were released in bilingual form- in Hindi and in English. Your company’s website also has a facility of operating in bilingual form- in Hindi as well as in English.

SUSTAINABLE ENERGY DEVELOPMENT

Your Company has adopted the following vision statement on sustainable energy development:

“**G**oing **H**igher on **G**eneration, lowering **G**HG intensity”

Your Company is committed for development of renewable energy in view of global warming and fast depletion of fossil fuel.

Your company envisages capacity addition of 1000 MW through renewable energy sources by 2017. An MOU has been signed with GPCL for development of 500 MW renewable energy based projects, preferably wind and solar, in Gujarat. Your Company has approved a road map to foray into solar power generation business for capacity addition of 301 MW through solar energy by March 2014. Out of 301 MW, 190 MW will be added through Solar Thermal technology and the balance 111 MW will be added through Solar PV technology. As a first step, grid interactive 15 MW solar thermal based project is being taken up at Anta in Rajasthan which is the first of its kind in India. Another MOU has been signed with Andaman & Nicobar administration for development of 5 MW solar PV based project in South Andaman and 1MW solar energy based project in North Andaman.

Your Company has so far commissioned 15 Distributed Generation projects, out of which 5 projects are in Uttar Pradesh, 4 in Chattisgarh, 1 in Rajasthan and 5 in Madhya Pradesh with a total capacity of 300 KW, benefiting 2150 households. 5 DG projects near NTPC Vindhyachal Project in Sidhi Distt. in Madhya Pradesh are based on biomass and 1 DG project in Chattisgarh is based on micro-hydel. Feasibility studies for development of DG projects near Company’s coal mining projects are being finalized.

NETRA – R&D Mission in Power Sector

NTPC Energy Technology Research Alliance focuses on areas such as Climate Change, Waste Management, New & Renewable Energy, Efficiency improvement, Cost reduction and reliability of stations.

Research Advisory Council (RAC) of NETRA has been constituted with eminent experts from National and International organizations to deliberate on the projects of NETRA. Regular meetings of RAC are being held and many new initiatives have been taken for R&D. A Scientific Advisory Council has been constituted consisting of Regional EDs and Heads of Projects as its members to help the stations in improving the efficiency, reliability and availability and reducing cost of generation. More than 21 Networking partners are involved alongwith NETRA in carrying out various projects identified by NETRA.

NETRA has filed 3 patent applications for various activities like integrated approach for bio-diesel preparation utilizing biofruit (Pongamia fruit), sensor for tube inspection and method and apparatus for efficient heat integration.

NETRA has signed an MOU with IOCL (R&D) for collaborative research on Biochemical Treatment of organic rich waters, development of energy efficiency lubricants, integrated plant for bio-diesel production, utilization of biomass for power generation, NDT and corrosion related projects for health assessment.

Environment Management – Continuous Improvements

Your Company is pursuing the objective of sustainable power development. It has taken a number of initiatives towards preservation of the environment by providing state-of-the art pollution control systems, regular environment monitoring and judicious use of natural resources, adoption of advanced and high efficiency technologies such as super critical boilers for the up-coming greenfield projects. High efficiency Electro-static Precipitators (ESPs) with efficiency of the order of 99.9% or higher and advanced ESP control systems have been provided in all coal based plants to keep Suspended Particulate Matter (PM) below the permissible level of 150 mg/Nm³. All new plants are being provided with ESPs designed for outlet dust burden of below 100 mg/Nm³. Flue Gas Conditioning (FGC) system

has also been provided at our older stations at Singrauli, Korba, Farakka, Ramagundam, Rihand and Badarpur which is further contributing in reduction of PM emissions below statutory limits.

To treat the waste water and reduce consumption of fresh water requirements for the plants, your Company has installed Liquid Waste Treatment Systems, Ash Water Recirculation System and closed cycle condenser cooling water systems with higher Cycle of Concentration (COC) in its stations. Further, treated waste water is used in various plant systems resulting in reduction of fresh water requirement. This has resulted in considerable reduction in fresh water intake by 20% to 30% and also reduction in quantity of effluent discharge from the power plants.

Ash dykes in the Company have been engineered to ensure that all safety and environment issues are addressed at design stage itself. Multi-lagoon ash ponds with provision of over-flow Lagoons and ash pipe garlanding arrangement for change over of ash slurry feed points have been provided for effective settlement of ash particles. Water sprinklers have been provided in the Ash Pond areas for control of fugitive dust.

As a proactive measure and to effectively utilize bio-degradable solid wastes generated in project canteens and townships, a pilot scale Bio-Methanation Plant has been set up at Faridabad and is under installation at Singrauli in order to convert the waste into useful energy and bio-fertilizer.

In order to monitor key environmental parameters of stack emissions, ambient air and effluents continuously on real time basis, 61 continuous Ambient Air Quality Monitoring System (AAQMS) along with Meteorological Sensors have been installed at 20 stations located all over India.

Clean Development Mechanism (CDM)

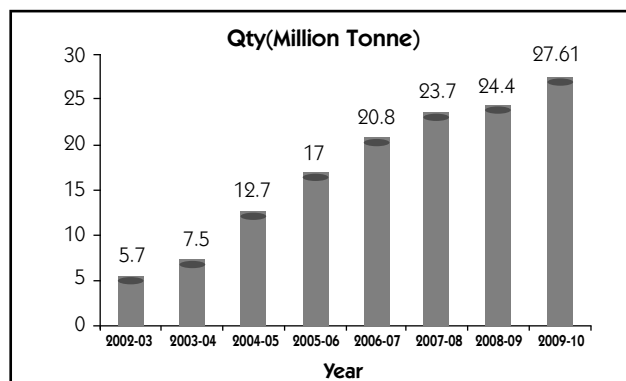
Your Company is pioneer in undertaking climate change issues proactively. It has taken several initiatives in CDM Projects in Power Sector. North Karanpura STPP, Loharinagpala HEPP and Tapovan Vishnughad HEPP have got Host Country Approval from National CDM Authority. A methodology prepared by your Company namely "Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using less GHG intensive technology" for super critical Technology has been approved by "United Nations Framework Convention on Climate Change (UNFCCC)" under 'Approved Consolidated Methodology 13'. More green field and energy efficiency CDM projects are in pipeline.

Ash Utilisation

During the year 2009-10, all time high 27.61 million tonne of ash has been utilized for various productive purposes which is 59.73% of the total ash generation against MoU

target of 55%.

Important areas of ash utilization are- manufacturing cement, concrete, ash based products, asbestos sheets, construction of road embankment, ash dyke raising, mine filling and land development. Issue of fly ash to cement and concrete industry this year has been 10.85 Million Tonnes, about 8.5% more than last year's issue.



Fly ash and pond ash is being issued free of cost to fly ash/clay ash bricks, blocks and tiles manufacturers on priority basis over other users from all the NTPC's Stations. Fund collected from sale of ash is being maintained in a separate account by the subsidiary company i.e. NTPC Vidyut Vyapar Nigam Limited and the same is being utilized for development of infrastructure facilities, promotion and facilitation activities to enhance ash utilization.

CenPEEP – towards enhancing efficiency

Center for Power Efficiency and Environmental Protection (CenPEEP), set up with technical assistance of USAID/USDOE is a symbol of your Company's commitment towards green house gas (GHG) mitigation from existing thermal power plants. Through the implementation of Efficiency Management System and Knowledge Based Maintenance in power plants, your Company has avoided more than 30 Million tons of CO₂ emission since inception of the programme in 1996. These systems are based on state-of-the-art technologies which are customized to local conditions and disseminated to power stations by hands-on-training, guidelines and workshops.

Government of India has identified CenPEEP to support Asia Pacific Partnership program on Clean Development and climate change initiative. CenPEEP has worked with various state utilities for identifying potential for reduction in CO₂ emissions.

International cooperation for climate change has been expanded with signing of an agreement between Ministry of Power, NTPC Ltd. and Japan International Agency for Cooperation (JICA) to undertake a 'Study on enhancing Efficiency of Operating Thermal Power Plants in NTPC-

India'. The study further strengthens CenPPEP as a resource centre, assimilating best practices from both eastern and western countries.

CenPPEP was conferred 'International Star Gold Award 2009' by BID International at Geneva.

MANAGEMENT OF CHANGE

Your Company has taken several initiatives to improve business processes, promote innovation and leverage information & communication technology for over-all productivity enhancement.

Rural Electrification

NTPC through its wholly owned subsidiary NESCL is carrying out the implementation of rural electrification in 29 districts in 5 States namely Madhya Pradesh, Chhatisgarh, Orissa, Jharkhand and West Bengal under Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY). MOU target of 7500 Un-electrified/ de-electrified (UE/DE) and 8.5 lac BPL household connection was achieved ahead of schedule. Total number of villages electrified during 2009-10 was 8017 and BPL connection was provided to 8.65 lac households.

Right to Information

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has designated a Central Public Information Officer (CPIO), an Appellate Authority and APIOs at all projects/stations/ offices of NTPC. During the year 2009-10, all 644 applications received under the RTI Act were processed and replied to. In compliance with Section 4 of the RTI Act, RTI manual has been updated and put on NTPC website. Further, RTI portal for benefit of NTPC employees has been created on NTPC Intranet. Workshops on RTI Act have been conducted at regional headquarters and at projects to share and deliberate on latest notifications, amendments and other issues for smooth implementation. Interaction were also held with SAARC delegates on RTI.

Using Information and Communication technology for productivity enhancement

Enterprise Resource Planning has been implemented at all Company's locations and its subsidiaries covering all core business processes of Finance, Materials, Maintenance, Projects, Operations, HR, Fuel Management, etc. ERP has been integrated with Freight Online Integrated System of Railways. Also, new initiative like Activity Based Budgeting (ABB) and Overhaul Preparedness Index (OPI) have been implemented.

Your Company has set up a Project Monitoring Centre (PMC) at Delhi which is being used by your Company very effectively to monitor all 44 units under construction. The video-wall

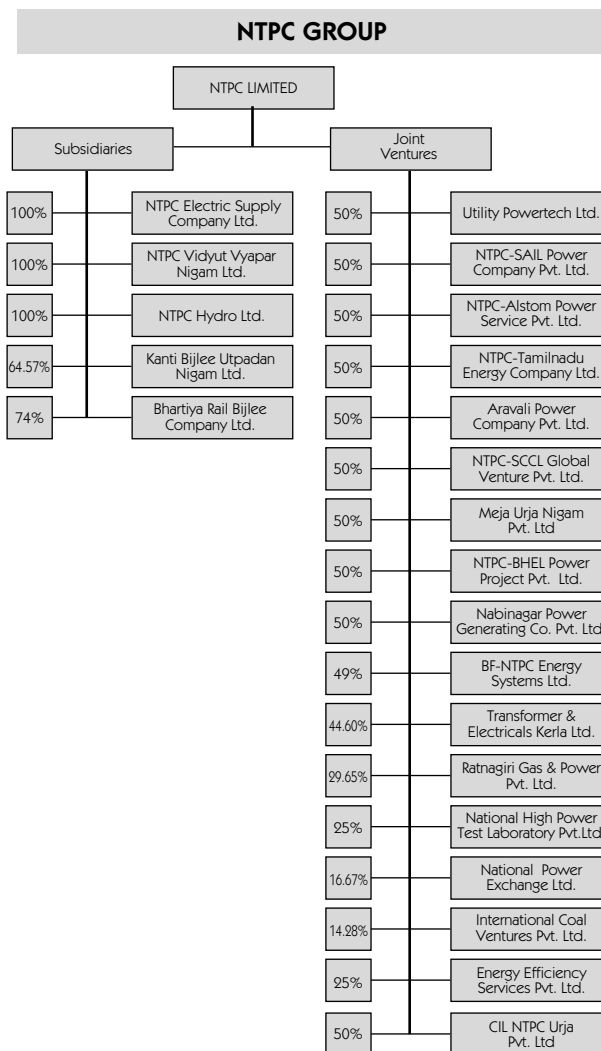
facility facilitates conferencing with all projects and web based project monitoring with respect to schedule.

NTPC GROUP : JOINT VENTURES AND SUBSIDIARIES

Your Company has formed 17 joint venture companies and 5 subsidiary companies for undertaking specific business activities. Another subsidiary, Pipavav Power Development Company Limited, is under winding up through striking off its name under Section 560 of the Companies Act, 1956 pursuant to the Directive issued by the Ministry of Power. Accordingly, necessary application with declarations and affidavits for winding up of the Company have been filed with the Registrar of Companies, NCT of Delhi & Haryana on 29.04.2010.

The above Joint Venture Companies also include CIL NTPC Urja Pvt. Ltd. which was incorporated on April 27, 2010.

The names of these companies and the percentage of your Company's stake in these Companies is as follows:



The performance of these companies as well as the consolidated financial statements are briefly discussed in the Management Discussion & Analysis section. The financial statements of subsidiary Companies along with the respective Directors' Report are placed elsewhere in this Annual Report.

STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock Exchanges, Government guidelines etc. is annexed to this report as below:

Particulars	Annexure
Management Discussion & Analysis	I
Report on Corporate Governance	II
Information on conservation of energy, technology absorption and foreign exchange earnings and outgo	III
Information as per Companies (Particulars of Employees) Rules, 1975**	IV
Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies	V
Statistical data of the grievances	VI
Statistical information on persons belonging to Scheduled Caste / Tribe categories	VII
Information on Physically Challenged persons	VIII
UNGC-Communications on progress 2009-10	IX
Presidential Directives	X
Project Wise Ash Utilisation	XI

**INFORMATION AS PER COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are set out in Annexure to the Directors' Report and forms part of this report. In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company. The information is available at NTPC Website at www.ntpc.co.in. The Company (excluding JV's and Subsidiaries) had 23743 employees as on March 31, 2010. 998 employees employed throughout the year were in receipt of remuneration of Rs. 24 lac per annum and 151 employees employed for part of the year were in receipt of remuneration of more than Rs. 2 lac per month.

STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s Varma & Varma, B.C. Jain & Co., Parakh & Co., S.K. Mittal & Co., Dass Gupta & Associates and S.K. Mehta & Co. were appointed as Joint Statutory Auditors for the financial year 2009-10.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have drawn attention to certain matters in Paragraph 4 (f) (i) and (ii) of their Report to the Members. In this regard, your Directors clarify as under:

The CERC notified the Tariff Regulations 2009 containing, inter-alia, the terms and conditions for determination of tariff applicable for a period of five years w.e.f. 1st April 2009. The Company has filed tariff petitions for determination of tariff in respect of all its stations with CERC. Pending determination of tariff by the CERC, the basis for billing and accounting of sales for the year has been explained in Note nos. 2(a) & (b) of the Annual Accounts referred to by the Statutory Auditors.

The appeal filed by the CERC against some of the issues decided by the Appellate Tribunal for Electricity in respect of tariff for the period 2004-2009 is pending for disposal before the Hon'ble Supreme Court of India. This fact and the basis for recognition of the sales in the financial statements has been disclosed in Note No. 2(e) of the Annual Accounts.

REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

As advised by the office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG for the year 2009-2010 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

COST AUDIT

As prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001, the Cost Accounting Records are being maintained by all stations of the Company since the year 2002-03. The cost audit for the year 2009-10 has been completed and the Cost Audit reports are being submitted by the Cost Auditors.

BOARD OF DIRECTORS

Shri R.K. Jain ceased to be Director (Technical) of the Company with effect from December 31, 2009 on attaining the age of superannuation.

Shri D.K. Jain, Executive Director (Engineering) has taken over as Director (Technical) with effect from May 13, 2010.

Shri R.C. Shrivastav ceased to be the Director of the Company on June 30, 2010 on attaining the age of superannuation.

Shri Chandan Roy ceased to be the Director of the Company on July 31, 2010 on attaining the age of superannuation.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.K. Jain, Shri R.C. Shrivastav and Shri Chandan Roy during their association with NTPC.

In accordance with the provisions of Article 41(iii) of the Articles of Association of the company four directors - Shri Shanti Narain, Shri P.K. Sengupta, Shri K. Dharmarajan and Dr. M. Govinda Rao shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2009-10 and of the profit of the company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies

Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

4. the Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation the co-operation received from the Government of India, particularly the Prime Minister's Office, Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Coal, Ministry of Petroleum & Natural Gas, Ministry of Railways, Planning Commission, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, State Governments, Regional Power Committees, State Electricity Boards and Office of Solicitor General of India.

Your directors also convey their gratitude to the shareholders, various International and Indian Banks and Financial Institutions for the confidence reposed by them in the Company. The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company. We also acknowledge the constructive suggestions received from Government and the Statutory Auditors.

We wish to place on record our appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

For and on behalf of the Board of Directors

Place : New Delhi

(R.S. Sharma)

Date : August 04, 2010

Chairman & Managing Director